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CHANGING FACTORS IN THE ECONOMIC LIFE OF CHINA

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INTRODUCTION

The changing character of China's foreign trade during recent years has been of great significance to those who are closely in touch with general economic trends in the Orient. Greater diversification of industry, an appreciable displacement of foreign wares by domestic manufactures, increasing imports of staple foodstuffs, the higher value of commodities in foreign trade—all these factors give a new interpretation to the trend of China's trade.

Although China is essentially an agricultural country, little accurate information has hitherto been available on its agricultural economics and the condition of its agriculturists, upon whom, in the last analysis, the country's purchasing power depends. In view of the recent disturbed conditions in China, it is felt that the considerable data on rural conditions included in this bulletin will be of particular interest.

The far eastern division of the Bureau of Foreign and Domestic Commerce publishes each week in Commerce Reports articles on general trade conditions in China and other far eastern countries. The division also has on file a large amount of commercial data respecting the Orient and will gladly reply to any specific trade inquiry that may be addressed to it.

JULIUS KLEIN, *Director*.

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CHANGING FACTORS IN THE ECONOMIC LIFE OF CHINA

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Political and military disturbances have of late years been occurring with increasing frequency in China. The spread of these disorders, with varying degrees of intensity, to practically all those districts which produce articles of economic importance to the United States, such as silk, wood oil, vegetable oil, tea, and hides and skins, and which at the same time absorb most of the American exports to China; has brought the subject forcibly to the attention of American business interests. It is therefore felt that a brief discussion of the question would be of assistance to the American manufacturer or exporter planning long-term sales activities in this field.

From the material presented in this bulletin three important phases of China's present-day economic status are evident: (1) China's foreign trade during the last decade has not increased appreciably in volume, as is shown by a comparative analysis of values with due allowance for price fluctuations and changes in trade channels; (2) the Chinese are developing in a limited way as a commercial and industrial group, securing for themselves increasing participation in the country's foreign and domestic trade; and (3) the economic status of China's rural and agricultural population, constituting about 80 per cent of the total population, has not improved within the last decade and in many sections has materially declined.

An exhaustive analysis necessary to the absolute establishment of these points is obviously beyond the compass of a publication of this size. However, the statistical data herein presented, which is supplemented by first-hand investigation in the field and by the opinions of several observers of many years' experience in China, will serve to establish them as the outstanding features of economic China.

For convenience we shall give, first, the immediate or temporary effects, and second, those more permanent effects visible over a long period of time and more vitally affecting the economic status of the country. These two effects are seldom distinguished, and because of the confusion resulting from this lack of differentiation it seems desirable to give the separate treatment indicated.

ECONOMIC EFFECTS OF DISORDERS

TEMPORARY EFFECTS

The recent outbreak of civil war in China was the immediate cause in Hankow, Peking, and Tientsin of the conditions outlined below. Conditions in Shanghai were quite similar and more pronounced, since the volume of merchandise distributed there is greater, but from the account presented a better understanding of the whole China situation is possible.

Hankow.—When the political situation became acute in Shanghai late in August and early in September, instructions were immediately issued that no further purchases should be made from Hankow. This reacted to depress the value of the export cargo actually lying in Hankow and available for shipment to Shanghai. With an acute silver situation in Shanghai, money was hoarded at Hankow or shipped to Shanghai to clear certain outstanding accounts. During this period Hankow buyers had purchased export cargo in the interior, which takes eight weeks or more to reach Hankow. This cargo was bought with drafts drawn at interior points. With the knowledge that the cargo could not be sold upon arrival at Hankow it was necessary for these interior buyers to collect silver to ship to Hankow so that the drafts might be met. This action depleted interior stocks of silver and created panic, accompanied by the hoarding of whatever silver was available at interior points. With the shortage of silver at these points the value of copper coins declined, and all copper coinage, local cash notes, etc., became of little value as compared with silver.

Credit sales made prior to the September financial crisis could not be settled by the buyers, as they could not secure silver to clear accounts. To settle in small coinage would cause them to suffer very heavy losses, as they had bought when copper exchange was normal. There were very heavy stocks of export cargo assembled at the different transshipping points of the interior and absolutely no buyers, as money was not available for purchases. Export merchandise was increasing in volume at Hankow, as the cargo en route to the port could not be stopped in transit. It was therefore necessary to do a great deal of financing and with no outside money coming to Hankow for the purpose. This overburdened the local market. There could be no relief in the situation until export cargo was demanded from Hankow; if Shanghai would start to buy immediate relief could be expected. If financial conditions had been more nearly normal, enabling purchases to have been made, it is believed that Hankow last autumn would have one of the best seasons in many years. Hankow prices on export cargo were approximately from 10 to 15 per cent below the purchase value of this cargo at interior points.

Peking.—In Peking during this period business was practically at a standstill. No attempts were made by foreign firms to negotiate sales to the departments of the Government, which are usually in the market for at least small orders of telegraph, telephone, or railway equipment. The city was practically under martial law during August and September, and it was with difficulty that goods of any kind could be moved, owing to the confiscation of carts and draft animals by the military authorities. A few shipments of rugs were

dispatched to America, but these necessarily were small, as only one car a week was available each way between Peking and Tientsin for freight movement. The tie-up of transportation within the city was so complete that it was difficult for homeowners to secure delivery of coal. Building was stopped because of the inability of the contractors to move materials.

Tientsin.—From Tientsin reports were received that consciousness of the serious situation confronting trade had permeated all business circles. Hopes that conditions would shortly change for the better were abandoned. Exporters who for a time were able to carry on with cargo already in Tientsin were practically empty handed, with questionable prospects of new stocks arriving in the immediate or near future. Arrivals of import cargo afloat before arrangements could be made to postpone shipment were carried in most cases by the foreign importers, Chinese dealers being reluctant to accept delivery.

During a few weeks in September at least nine Chinese merchant ships were commandeered in Tientsin Harbor by the military authorities. These vessels were small coasting ships of 350 to 400 tons. They were used as troop transports to carry some of Wu Pei-fu's forces northward.

PERMANENT EFFECTS

A survey of China's trade as a whole over a long period of time shows no great change by reason of purely domestic causes. It is true that economic development has been hampered and has even retrogressed during the last decade, but nevertheless the remarkable character of the Chinese has enabled the country to emerge from its various disturbances with little or no permanent ill effects from an economic standpoint.

In the period 1897 to 1903, covering those years immediately preceding and those following the Boxer rebellion of 1900, there was a steady and consistent increase in trade, interrupted only temporarily in the year 1900. In 1899 the exports amounted to 195,784,832 haikwan taels, while the imports totaled 264,748,456. In 1900 the exports dropped to 158,996,752 haikwan taels, and the imports to 211,070,422. From the period of the Boxer uprising until 1909, while the trade balance remained unfavorable, the total foreign commerce increased appreciably. This indicates favorable development during these comparatively peaceful years. The outbreak of the revolution in 1911 which made China a Republic did not seem to materially affect trade. The total foreign trade of China in 1911 amounted to 848,842,109 haikwan taels as compared with 843,798,222 in 1910.

In 1917 there was a very serious attempt to overthrow the new Republic. This caused great internal dissension and strife, undoubtedly interfering with regular trade processes, but it is not reflected in the total trade returns of the country, imports advancing from 516,406,995 haikwan taels in 1916 to 549,518,774 in 1917; and exports registering a slight decline from 481,797,366 in 1916 to 462,931,630 in 1917.

A similar situation confronts China to-day, and we might expect the same trade conditions to prevail. In spite of the greatly unsettled state of the country in 1923, the foreign trade was valued at 1,676,320,303 haikwan taels, which represents an increase of 76,378,720

taels over the preceding year's total. The point of particular interest here is the fact that China's imports declined by about 22,000,000 taels from the previous year, while exports, which are more immediately dependent on domestic production and transportation facilities, increased by nearly 100,000,000 taels.

Such greatly distorted views of the disturbances in China are circulated abroad, and even commonly accepted in China, that the following comments made recently by the Chinese customs commissioner (British subject) at Shanghai, in his report for 1923, are of particular importance at this time.

There has not been a time since the outbreak of the revolution in 1911 when the interior was not unsettled. Many of the years between then and the present time (1924) were good years, both from a trade and business point of view * * *. It is then a fair inference that contributory political events and disturbed conditions in China do not affect trade and business as much as supposed * * *; that there is room for improvement in the present conditions can not be gainsaid, but that these conditions are the main cause of the business slump is a statement which, in the interests of business and trade alike, it would seem high time to contradict. * * * Moreover, China is so vast a country that such impediments as civil wars, floods, and famines have only a very limited effect on the entrepôt trade of Shanghai, which at best taps only an infinitesimal portion of its resources.

A country larger than the United States in area, with probably four times our population, China will always possess large districts and entire Provinces where economic developments can proceed unhampered by internal disorders. A lack of confidence and a general unwillingness to make long-term investments of capital are the specific results of the continual domestic disturbances, both political and military. These disturbances, which are often aggravated by preventable natural occurrences such as floods and famines, make necessary the reallocation of trade routes and conveyances and almost invariably bring about a dislocation of trade. However, business interests in China are prone to charge all their difficulties to the domestic situation and lose sight of factors arising from world-wide conditions such as dislocation of accustomed markets in Europe and Russia, derangements of monetary systems in many of these countries, and instability of foreign exchanges in general.

FOREIGN TRADE

The method used in China, and common in most countries of the world, of gauging the course of trade by the total values of imports and exports renders it impossible under the prevailing conditions of price fluctuations to judge accurately the progress of trade over a given period, since the quantities, a more reliable basis of comparison, of many commodities are not entered in the statistics.

In order to provide a more accurate foundation for a comparison of the value of China's imports during recent years with those of 1913, the following table has been prepared by the Chinese Maritime Customs, showing the declared values of imports in 1913, 1920, 1921, and 1922 and the values of imports in the three last-named years reconverted on the basis of average 1913 values:

DIRECT IMPORTS FROM FOREIGN COUNTRIES INTO CHINA

[In thousands of haikwan taels]

Groups	Values declared in—				1920 values recalculated at average 1913 values	1921 values recalculated at average 1913 values	1922 values recalculated at average 1913 values
	1913	1920	1921	1922			
Cotton goods.....	182,420	246,813	208,663	218,523	127,920	105,110	121,417
Woolen goods.....	4,880	4,791	7,408	8,794	2,252	2,588	4,369
Metals and minerals.....	29,156	61,572	60,077	49,928	51,199	42,271	46,431
Sundries.....	180,260	261,545	356,279	410,007	158,026	233,336	293,336
Total.....	396,716	574,721	632,427	687,252	339,397	383,305	465,553

The values entered in this table for the first three groups—cotton goods, woolen goods, and metals and minerals—represent the total value of all the items comprising these groups actually recorded in the customs returns as having been imported during the years 1913, 1920, 1921, and 1922. In the case of the fourth group—sundries—only the values of the more important articles, aggregating some 50 per cent, have been included. The list as it stands deals with about three-fourths of the total direct foreign import trade of China, which is ample for purposes of comparison. Examination of the figures reveals some interesting facts. In the case of cotton goods, for instance, it will be seen that, while the values as declared to the customs in 1921 and 1922 show an important increase over those declared in 1913, the values in both these years, if recalculated on the basis of average 1913 values, record a serious decline and are far below the 1913 total. Values in 1922, however, show a reasonable increase over those of 1921. Recalculated values for woolen goods in 1922 indicate that this group, although not exceeding the 1913 declared values, approaches them very closely and also registers a satisfactory advance over 1921. Metals and minerals, together with sundries, present a different aspect. These two groups both show a considerable advance over the 1913 declared values, thus demonstrating clearly the progress made in these lines during recent years.

In connection with the accompanying chart of China's trade since 1907 it might be well to give a brief statement of the country's trade balance and a sketch of the background of present-day trade in China. From 1913 to 1923 China's foreign trade has increased from 970,000,000 taels to 1,600,000,000 taels, or 165 per cent. The balance of the trade during the 10 years has been against China on an average of 150,000,000 taels, or about \$200,000,000 silver¹ per annum. In 1923 the disparity between exports and imports was 170,000,000 taels, while in 1922 and 1921 it was even higher, namely, 290,000,000 and 305,000,000 taels. In 1919 imports exceeded exports by a margin of only 16,000,000 taels.

In addition to this unfavorable merchandise trade balance should be mentioned the foreign debt service, which for railways amounts to about \$50,000,000 and for other obligations about \$115,000,000. A

¹ The value of the Chinese silver dollar is based on the price of silver and is therefore subject to constant fluctuation. The average value is approximately \$0.50, United States currency. In this report, unless otherwise stated, all dollar values refer to Chinese dollars.

further net import of gold and silver bullion, amounting in 1923 to some \$60,000,000, adds to China's adverse trade balance. Domestic loans with accrued interest as of June 30, 1924, were \$208,400,000 with adequate security and \$473,000,000 without security, and the foreign loans amounted to \$1,029,000,000 secured and \$565,000,000 unsecured, making a total of \$2,275,400,000. The combined Chinese and foreign debts, unsecured, the repayment of which is now due, is in excess of \$480,000,000.

In addition to the exports, items which tend to reduce the unfavorable balance are remittances from Chinese abroad, estimated to be at least \$100,000,000 a year; money required for upkeep of foreign missions, hospitals, and schools in China, probably \$35,000,000; expenses of foreign legations, consulates, legation guards, expeditionary forces, and naval vessels, and for maintenance and repairs to foreign shipping, about \$40,000,000; money brought back by returning emigrants and that spent by tourists, probably \$10,000,000. China collects no shipping or insurance profits and no interest on loans to foreign countries. Remittances from its nationals in other countries are the only returns from abroad of this nature.

Analysis of China's import and export trade over a period of years immediately preceding the Boxer rebellion of 1900, through 1923, discloses a general increase in value, volume, and variety of this trade over the entire period, but these are so obviously affected by factors beyond the influence of China's domestic affairs as to afford little more than a basis on which to expend further investigation. That China's domestic as well as foreign trade is more closely linked up with international market factors than is commonly understood, is shown, for example, in the annual report of the customs commissioner in the Hangchow district for 1923. Practically all districts in China report similar conditions with varying degrees of effectiveness. To connect the prosperity of an isolated interior country district of China with conditions in Russia and Europe may seem at first sight a little far-fetched. However, among the factors reported as most intimately affecting conditions in this district are included the closing up of the Siberian routes, the slowness in recovery of sound conditions in European markets after the World War, and the recent disastrous earthquake in Japan. The autumn floods during the previous years had been followed by famine and other forms of suffering, which naturally lessened the purchasing power of the people in this district and reduced their purchases to bare necessities of life. The cost of living during military operations in this district rose on an average 50 per cent. During the same period conveyance of native produce to various places in the Provinces, both by river and overland, was considerably obstructed. The merchants were chary of laying in winter supplies, while considerable quantities of minerals and rice ready for transportation had to be held back. Heavier taxation and forced contributions aggravated considerably the general financial depression.

CHANGES IN TRADE

The most salient point as regards exports is the decline in tea which in 1820 represented three-fourths of China's exports; in 1867 the proportion had fallen to 60 per cent, dropping to 16 per cent in 1899. At present, owing in part to the Great War, the proportion

is only 4 per cent. Silk has been more successful in holding its own. In 1860 China supplied half of the world's raw silk, and for many years after that the trade was prosperous. The average annual value of silk exports in the seventies amounted to almost £10,000,000, but the advent of silkworm disease soon after this, and the competition of Japan, where the Government fostered the industry and combatted disease, displaced this valuable product from its former place in the trade. It is true, of course, that the value of the trade has increased (the average annual value of silk exports during the last decade has been 103,000,000 taels, as against 75,000,000 taels for the previous decade), but in view of the high position reached by Japan from much humbler beginnings, the Chinese trade is disappointing. There can be no doubt, but that with the employment of scientific methods it could be at least doubled.

In 1902 new articles of export appeared, the most prominent being oilseeds (soya beans and sesame seed), wood oil, skins, furs, and hides. The trade in hides began during the great famine of 1877, when thousands of cattle were slaughtered for food and their hides exported. It expanded between 1890 and 1895, when goatskins began to come forward, the western markets being in increasing need of leather, and by 1899 had reached a prominent place from which it has not receded. Cereals, including vegetable foodstuffs, gained later importance. The introduction of variety into the list of Chinese exports dates from the early eighties, when the people of the interior were beginning to become familiar with western goods through the influence of the treaty ports, and because of steamers with their rapid transit.

The year 1897 marked a significant period in China's import trade. Opium reached the record figure of £10,250,000 sterling and accounted for 44 per cent of the total import trade. Cotton goods, including a considerable share of American manufactures, were rapidly increasing in volume. Woollens were annually prominent. Imports of kerosene, which began in 1876, now amounted to approximately 100,000,000 gallons. Very little rice was imported at this time.

Twenty years later a great change had taken place in the character of the import trade. The value of imported opium, although only slightly less than in 1897, was now only 13.5 per cent of the total imports, and the amount had decreased. Cottons had increased from 22,000,000 to 103,000,000 taels, of which amount Indian yarn provided over one-third. Cotton goods of the better grades, such as chintz, printed twills, cambrics, and handkerchiefs, were now purchased in large quantities.

Cotton piece goods represent the largest single item in China's imports. Ten years ago they accounted for a third of the total import trade of the country. The proportion of this trade in 1922 was 16 per cent and in 1923, 14 per cent of all imports. This falling off is due to the constant expansion of the cotton industry in China, not only in the production of raw cotton but in spinning and weaving. Imports of cotton yarn in 1923 were 775,045 piculs,² as against 1,219,486 piculs in 1922. The diminished importations are accounted for by the growth in production of the local mills, which turned out 1,500,000 piculs in 1923. At this rate of production it will not be

² One picul equals 133½ pounds.

long before China will find itself independent of outside sources for its needs in cotton yarn. Consequently, the importation of foreign goods in this particular line is gradually decreasing while the Chinese domestic consumption and export is increasing.

The customs figures show that in 1913 eight varieties of cotton goods were imported to the amount of 26,178,179 piculs, while in 1923 the figure was 17,016,884 piculs. In 1922 China exported five varieties of cotton and woollen goods to the amount of 104,345 piculs which increased in 1923 to 713,605 piculs.

Within the last 20 years 76 Chinese-owned cotton mills have come into existence with 2,639,862 spindles in operation and 32,500 more spindles in process of installation. In the same time 13,403 working looms have been reported, with 5,625 more in construction. The annual imports of kerosene oil in this period ranged from 100,000,000 to 230,000,000 gallons (1914). Metals had, however, not advanced proportionally, but the growth of sundries was notable, showing the progress in wealth, and a desire for comfort and luxury.

A striking feature of the import trade is the increase in the absorption of foodstuffs from abroad. The old order—China importing opium and a few sundries—has been completely swept away, and although the country is looked to as a large supplier of foodstuffs to the western world, it is no less an importer on a large scale.

CHANGING TRADE CHANNELS

The futility of forming an opinion of conditions based immediately on trade statistics is shown further in the case of Canton. The value of the import and export trade of Canton in 1923 amounted to almost 224,000,000 haikwan taels, exceeding that of the previous year by 11 per cent—this in spite of practically continuous disturbances in the city of Canton itself, as well as in the large hinterland which is of such vital importance to Canton trade.

This increase in the value of trade is not to be accounted for merely by changes in price levels, for in certain important articles the trend of prices appears to have been downward. An important factor affecting this increase is that much Chinese goods which ordinarily would have been carried by junks, and thereby come within the jurisdiction of the native customs, whose records are not commonly included in those of the maritime customs, was transported by steamers. Here it might be well to note that native customhouses exist side by side with the Chinese maritime customs at the treaty ports and at all important stations on the coast and inland. At the treaty ports the considerable amount of goods carried in Chinese sailing craft, largely junks, comes under their jurisdiction. The values and quantities given in the foreign trade returns of China do not include the value of goods carried coastwise, nor do they comprise the whole extent of the foreign trade, inasmuch as vessels of Chinese type, which are not within the control of the maritime customs, ply between foreign and Chinese (both treaty and nontreaty) ports. Brigandage, piracy, illegal taxation, and general uncertainty of transportation of native craft have brought under the jurisdiction of the maritime customs a tremendous volume of both import and export trade hitherto transported by native craft, thus making it exceedingly difficult to arrive at the true indication of announced trade returns.

The customs revenue at Canton in 1923 from both import and export duties was the largest recorded in many years. These gains are attributed mainly to the movement of more Chinese cargo by steamers, rather than a healthy improvement in general trade conditions. Tea exportations increased by 70 per cent, and here again this signifies not an increase in trade but merely a preference for conveyance by steamer rather than junk under present disturbed conditions. A conservative estimate would place Canton's actual trade during 1923 at a minimum of 50 per cent of that of 1922. A striking feature of Canton trade during 1922 was in the value of foreign goods imported into Canton, the value of which rose to 75,000,000 haikwan taels, an increase of 25 per cent over the previous year and more than double the figure for 1920.

POLITICAL INSTABILITY NO BAR TO PROGRESS

There is no more striking example of China's ability to progress in the face of what appears to be insurmountable obstacles than the developments in the past few years in Canton. The contrast between the Canton of to-day and of seven years ago is striking enough when it is considered that this remarkable development took place within the remarkably short space of seven years, but it is even more startling when it is understood that these seven years represented the most stormy period of Canton's history—years of civil war and strife, extending from the city itself to all parts of the neighboring provinces. A well-known British correspondent has given the following description of this striking contrast:

The old city of Canton, covering nearly $1\frac{1}{2}$ square miles, was nearly all the same—low buildings setting tight to the ground, packed so close that the people could hardly move and inhabited to the last degree of density. Such Canton had been for centuries and such were the conservatism and prejudices and customs of the people that it seemed as if it must continue for ages to come. [This was the Canton of seven years ago.] Today Canton is a modern city of broad streets and lofty buildings, a European capital. It is lit by electricity and hundreds of motor cars serve its citizens. The ancient muddy foreshore of the river is replaced by a masonry bund backed by imposing edifices, one a hotel that rises to 13 stories, with many other structures in proportion. The police are smart and efficient, trimly dressed in kahki. The open bazars have become modern shops fitted with plate glass and having all the elegancies of the American store. There used to be a thousand temples in Canton gorgeously tiled and colored—all are gone but a few, ruthlessly demolished to make way for the new streets, or sold up for the maintenance of the new régime which has walked roughshod over the traditions of the past. It is impossible to estimate the cost of all this new work, but it must have amounted to scores of millions of dollars. Probably every new building contains foreign material of some kind—steel beams, windows, electric, sanitary and other fittings, nails, screws, paint, etc. The amount of imported goods absorbed by Canton during the building period must have been very great and is so proved by the customs figures, which have doubled within the last five years. It is stated that \$120,000,000 was extracted from Canton last year by oppressive taxation, of which only \$3,000,000 was spent on the city.

MARKETING AND SALES METHODS

Sales methods in China to-day are in sharp contrast to those of past years and are rapidly tending to make of this field a highly competitive market, calling for intensive marketing operations essentially domestic in character. Whereas a few years ago a manufacturer's representative need make only a passing call at Shanghai and Hongkong, place his account in the hands of one of many larger

general import and export houses and, strange to say in the light of present experience, depart with the assurance of a task well done, to-day the large successful general trading firm with many branches in the interior cities of China has almost entirely disappeared. Its successor has abandoned outport offices, discarded the many accounts for the few with potentially greater turnover, and built up a native agency organization throughout its territory which corresponds largely to a domestic dealer organization. This applies specifically to general imports, rather than specialized lines such as textiles or machinery, and, while the former is of slight importance to American manufacturers, the importance of the latter makes the recent comment of the Chinese maritime customs commissioner for the Shanghai district of pertinent interest and reveals an additional factor influencing China's changing trade methods. He said:

During the boom period (postwar) a large number of firms added machinery departments to their general trading business, and it has apparently taken them several years and cost them a great deal of money to realize that the machinery trade as it has to be conducted in China is entirely different from the general indent business in staple goods. It is obvious that for firms to engage in a business which they do not understand must upset that line of business as a whole; it is safe to assume that the gradual elimination of such methods can only have good results for all concerned.

These native dealers, referred to above, selected as a result of successful first-hand investigation of character, credit, agencies held, and facilities for handling business, are bound usually by a form of dealer agency agreement adapted to the nature of the product sold, and they put up guaranties of good faith in the form of interest-paying cash deposits, negotiable title deeds, or guaranty bonds signed by sponsors pledging additional security, or a combination of all three. Dealers are held solely responsible for stocks and sales in previously assigned territory, as well as for the rendering of approved current sales and stock accounts and for the transfer of funds. Subagents are appointed subject to mutual approval of dealer and company representative. In the case of commodities of low-cost units and wide distribution such as kerosene oil and cigarettes, this agency system with its extended subdivisions extends to even the smallest hamlet. For commodities largely for treaty port or near-by consumption, such as specialties, contracts are made with one representative for each of the more important distributing centers such as Hankow, Tientsin, Harbin, and Canton. This representative is usually a firm of relatively large capital and possessing good credit. Under the more settled conditions and lessened competition of the past, these native agencies were closely supervised by traveling foreign sales representatives, usually American or British. However, the greatly disturbed conditions of recent years which have made travel uncertain, unsafe, and expensive, together with greatly increased competition, have necessarily transferred a progressively increasing amount of this supervision to Chinese hands. This transformation is most prominent in the present-day organization of the oil and tobacco interests in China, which possess the largest marketing organizations in this field.

This increasingly intimate contact of the native Chinese merchant with the principles and practices of western business methods has facilitated the progress of a movement already far advanced which is giving him an increased share in the direction of both foreign and

domestic trade. There are several factors aiding this movement, which is already of such prominence as to merit the consideration of American manufacturers interested in China trade. Many of the long-established foreign business organizations in China have been slow to adjust themselves to fast-changing conditions, while thousands of ambitious young Chinese have gone to western lands, trained themselves carefully in technical and economic lines, and in combination with older and more conservative members of their families are conducting a successful business without the slightest dependence on foreign assistance. Department stores, banks, import and export organizations, printing and industrial plants of every description are springing up all over the country. Chinese native banks, organized along the lines of modern banking practice, now total over 80 with a total authorized capital of \$400,000,000 (silver), paid-up capital of \$170,000,000, and with 350 branch and main offices.

A trip through Shanghai reveals considerable Chinese building and installation of native manufacturing establishments, both large and small. Similar developments are found throughout the country. Banks firmly established and soundly organized along the lines of modern banking practice are securing a growing share of their country's foreign-trade financing, as well as domestic. A large and very successful Chinese company manufacturing and selling tobacco products throughout China has recently expanded its New York office to a general trading company. A constantly growing number of Chinese organizations are establishing their own offices in New York, Chicago, Seattle, and San Francisco. The Chinese importer in Shanghai, Hongkong, and other ports of China no longer meekly acquiesces in contributing commissions to the resident foreign trader in his country.

The marked business activity apparent on every hand, together with the increasing trade figures (due allowance being made for price fluctuations), and the chronic pessimism of the foreign business population of China are facts which do not seem to coincide. The explanation of the apparent paradox doubtless is that native Chinese merchants, banks, and industrialists are enjoying a fair degree of prosperity and are securing a constantly increasing share of China's foreign trade at the expense of the foreign trader.

This tendency gives a basis for common complaint among importers in China which, in many cases, calls for a readjustment of sales policies in that country. This complaint is that after many years of pioneering and exploitation work, resulting in the successful establishment of products in this market at the cost of tremendous effort, the native dealer is now placing his orders direct. Few manufacturers either render satisfactory accounting for business received in this manner in return for previous service rendered or duly protect the interests of the old-established resident foreign trader. In turn, this state of affairs is largely responsible for the growing practice of establishing a resident manufacturer's representative in this field whose major duties are concentrated in promoting and directing sales activities among local sales agents, leaving to them the burden of sales, shipping, and financing.

Another fact commonly overlooked in a discussion of China's trade is the increase in the Chinese manufactures of styles of goods heretofore supplied from abroad. The maritime customs report for 1923

gives the export of articles of foreign type produced by domestic Chinese factories an aggregate value of 12,146,000 haikwan taels in 1923, as against 5,081,000 taels in 1922 and 3,725,000 in 1921. Figures on domestic consumption of these articles are not available, but, needless to remark, are of tremendous aggregate value and are constantly increasing. Soaps, perfumes, toilet articles, clothing, hardware, small machinery, and articles of every style and type are to-day being manufactured in China where only a few years ago these articles were imported by Chinese foreign traders. At the end of 1922 no less than 740 factories producing articles of foreign type were in existence. Among these 202 are manufacturing cotton piece goods; 87, socks and stockings; 64, cotton yarn; 41, cotton towels; 25, cotton thread; 66, soap; 42, candles; 38, flour; 19, cigars and cigarettes; 11, paper; 7, slate pencils; and 7, biscuits. This list does not include small establishments, canneries, sugar mills, egg-products factories, cement mills, dockyards, electric-light plants, glass factories, cold-storage plants, tanneries, oil mills, printing establishments, silk filatures, and woolen mills. The steady expansion of trade is partly explained by the vast size of China, which will always possess large districts and entire Provinces where economic development can proceed unhampered by internal disorders and partly by the fact that the people are gradually awakening to the advantages offered by foreign manufactured goods.

It might be well at this point to call attention to the fact that, while the greater participation in foreign trade by native Chinese is a phase of a current movement throughout the Far East which has reached its highest development in Japan, conditions in both countries are not analogous. Development will be much slower in China and even in Japan if the profitable operation of resident foreign concerns continues. The desirability of American resident sales organizations in China is obvious. With years of experience in the market and continuous contact with the consumer they are in a most favorable position to stimulate and further American trade. In the sale of machinery and technical supplies requiring service supervision by a resident organization is an absolute necessity.

The export of domestic produce of China has been, until recent years, an adjunct of the general import trading organization, but with the increased specialization called for in import practice exporting is rapidly becoming a separate activity. The most successful export organizations now operating confine their activities to single commodities, such as silk, tea, wood oil, hides and skins, and vegetable oils. This is largely the result of limited and unreliable transportation facilities; the common practice of adulteration among native dealers; and the absence of uniform and accepted standards, volume production, and recognized produce exchanges; all of which force the exporter to secure, grade, and ship his produce under foreign supervision in order to afford a maximum protection of his interests. Isolated instances of movements among Chinese merchants to establish commodity standards of acceptable commercial value have resulted in little more than general discussion to date. It is expected that participation by Chinese in the direct export trade of China will lag considerably behind their growing participation in the import trade.

STANDARD OF LIVING

It is generally held that 85 per cent of the population of China is agricultural. This figure is not based upon any accurate census of the country, but merely upon the assumptions of eye witnesses and is probably too high. The probability is that 25 to 30 per cent of the population is engaged in nonagricultural pursuits. Not more than 400,000 are engaged in labor under the factory system and these are in the treaty ports and provincial capitals. It is also of interest to note that an estimate classifies 73 per cent of China's exports by value as agricultural. Factories, mines, railroads, and other industrial enterprises are constantly moving into the interior where labor is cheaper, transportation less expensive, and strikes, political agitations, and other impediments to industry less frequent. Modern industrial enterprises have been reported in more than 50 different centers.

A further survey of China's trade shows an increasing variety of items within recent years new to China but rapidly becoming classed as necessities and articles of every-day trade. In China the adoption of western ideas of dress and living is responsible in a great measure for the rising cost of living. In place of the plain blue cotton dress of old, many women now wear silk skirts and stockings, and young men may be seen dressed in the latest foreign style. There is scarcely an article in the list of foodstuffs in which there has not been a marked advance during the last 10 years and in most cases prices have doubled. As an example of this, 10 years ago the price of rice was \$3.40 per picul; to-day it averages \$7. Fuel, which in 1911 cost 20 cents per picul, to-day costs \$1. Vegetables have risen from 2 to 4 cents per catty; vegetable oil from 20 to 30 cents. Clothing has also shown a corresponding rise in price, and house rents and land values have nearly doubled. All of these advances are in varying amounts for different sections of the country. Under these circumstances it is not surprising that successive demands have been made during the period on the part of the workers for advances in wages. Carpenters, masons, and craftsmen, who were content with 35 cents per day at the commencement of the period, now receive 50 cents with board. Other wages have advanced correspondingly.

The average income of the laboring and peasant classes is so small that if any foodstuff rises in price they feel the difference acutely, because their daily dole for bare necessities and general purchases is already down to the irreducible minimum. In the Kankow district a phenomenal rise in cost of living is found. Ten years ago a laborer earned \$15 Mexican per month and was better off than now with \$25 per month, a situation which provides material for professional agitators. Every branch of trade in China is represented by guilds, and each guild is practically a trade-union or has machinery for becoming one. In Hankow, rice, wheat, vegetables, pork, and fish have increased 180 per cent during the last 10 years, eggs 200 per cent, shoes and cotton cloth 200 per cent, tobacco 100 per cent, kerosene 150 per cent. A workman who in 1911 spent \$2.20 silver per month for food now pays a minimum of \$5.60, which represents an increase roughly of 150 per cent. Wages have increased and in general, artisans, carpenters, shoemakers, and tailors get 120 per cent more than in 1911.

In Canton it is reported that carpenters and bricklayers there in 1912 were paid 50 cents a day and that during the ensuing decade their wages have steadily risen to \$1 or even more; that engineers and mechanics who were receiving 50 cents per day have had their pay raised 40 per cent. The decennial reports of the Chinese maritime customs shows there is not an article of consumption that has not risen very substantially during the last decade. Beginning with rice, we find that the cost of this commodity fluctuates very considerably, throughout the period, according to whether times were those of plenty or scarcity, but the trend of prices was always to rise rather than fall, and compared with that of 10 years ago, the present price of rice under normal conditions is 100 per cent higher.

In this comparison no account has been taken of imported commodities, some of which the rising standards of living have made essential needs. These are described in the reports as having increased by leaps and bounds. On top of all this there is formidable taxation in a great variety of forms to meet the alarming cost of warfare. With prices on a high level, the rising standard of living among the Chinese will tend to maintain them. In not one of these reports is any prospect held out of a return to former price levels.

AGRICULTURAL ECONOMICS

A country in which agriculture is the predominating interest of some 80 per cent of a population of 400,000,000 people and yet almost entirely lacking in information and data on the subject of rural and agricultural economics is a strange phenomenon to western thought. Within the past few months, however, Chinese students acting under the immediate supervision of American instructors in the various educational centers of the country have circulated questionnaires in a large number of representative farming communities of North and Central China.

NORTH CHINA

The results obtained from these questionnaires in five Provinces of North China containing 240 villages are shown in the tables which follow. As an aid to the proper interpretation of these tables the following statement is given which shows the density of population per square mile in the five Provinces:

Chekiang	2, 270-6, 880
Kiangsu	980-2, 050
Anhwei	290- 40
Shantung	1, 800-3, 000
Chihli	550-2, 010

The following table shows the proportion of the population of the five Provinces engaged wholly in agriculture compared with the proportion engaged part time in agriculture and part time in other work:

Provinces	Engaged whole time in agriculture	Engaged part time in other work	Engaged whole time in other work
	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>
Chekiang.....	75.7	1.8	22.5
Kiangsu.....	87.4	8.7	3.9
Anhui.....	58.3	17.3	24.4
Shantung.....	97.2	1.3	1.5
Chihli.....	91.0	3.5	5.5

It should be recognized that the majority of those who are engaged part time in some other employment will give the rest of their time to the land, so that the total percentage of those who are occupied in agriculture is rendered even more striking. Taking this vast aggregate of cultivators as a basis, it is interesting to obtain therefrom some estimate of the number who actually own their land and those who are only tenants, this again varying very considerably as between the northern and the southern Provinces. Following are the figures for the northern Provinces:

Provinces	Cultivated by owner	Cultivated by tenant
	<i>Per cent</i>	<i>Per cent</i>
Chekiang.....	32.6	67.4
Kiangsu.....	32.6	67.4
Anhui.....	50.1	49.9
Shantung.....	99.5	0.5
Chihli.....	89.3	10.7

These figures sum up in brief the agricultural and other conditions affecting the rural population, and it now becomes necessary to tabulate the incomes of this group and from this to deduce as far as possible what is their standard of living. The following table shows the average annual income of families holding no land and those cultivating from 1 to 26 mow:³

Provinces	Family income, no land held	Income from 1 to 3 mow	Income from 3 to 5 mow	Income from 3 to 6 mow	Income from 11 to 26 mow
	<i>Silver dollars</i>	<i>Silver dollars</i>	<i>Silver dollars</i>	<i>Silver dollars</i>	<i>Silver dollars</i>
Chekiang.....	63	96	110	151	219
Kiangsu.....	28	40	81	141	241
Anhui.....	111	60	73	90	131
Shantung.....	36	32	37	49	87
Chihli.....	18	14	24	38	71

¹ This family income is divided as follows: Home industry, 3.8 per cent; wages, 17 per cent; farm products, 68.3 per cent; other sources, 10.9 per cent.

Considering that part of the population which has an income of less than \$150 per annum, it is found that between 50 and 60 per cent are below that limit in the south, while in the north the figure

³ One mow equals one-sixth of an acre.

risers to over 80 per cent, a striking commentary on the hopeless poverty which exists throughout China. This income of \$150 has been selected as a reference point for the reason that it is the minimum on which sufficient food and clothing can be purchased for a family of five persons in agricultural employment, as estimated on the basis of figures supplied by well-known authority on economics, Prof. B. E. Read, of the Peking Union Medical College. The diet sheet drawn up by this institution to show the amount of food adequate to maintain a group of five might be supposed to represent extreme poverty, for in it we find no meat whatever, no eggs and no fish. While its calorific and protein value is just sufficient for maintenance, its cost is only one-third that of an equally nourishing diet in any occidental country. It is obvious that the standard of living is far below this assured poverty line in all the Provinces under examination, for whereas the charge of \$150 is estimated as the cost of food alone, it would certainly be necessary to add 20 per cent to this to cover clothing, fuel, light, etc.

The only way in which it is possible for the farmer to exist at all is by a drastic cut in food consumption, and this is what actually takes place, for during the winter months he may be said practically to hibernate, saving himself from all unnecessary exertion from December to March and emerging in the spring to work again on the fields in such an emaciated condition as to render him unfit for any real exertion for several weeks.

It is evident from the foregoing that the pressure of population throughout China is a very grim reality, and a considerable number of families would seem to disintegrate under the economic stress of conditions which they themselves are unable to alleviate. Even if one supposes that the figures thus quoted are too low, and unfortunately there seems no reason to think this to be the case, the general impression of calamity and suffering would remain. The Chinese live so near to the margin of existence that even in the good years it is necessary of them to eat elm bark and to gather willow leaves to eke out the winter rations. While this food may inure the people to famine conditions and diet, when famine comes and they have nothing else, their low standards of living and lack of any margin for saving or improvement precludes the possibility of progress. One can hardly believe that human beings could exist on such a standard as the figures show, but neither would it seem possible to live on an income even twice as large as that which is reported by the investigators appointed by the China International Famine Relief Commission.

CENTRAL CHINA

Three hundred and fifty farms and their occupants, a large proportion of which were located in three typical villages in the neighborhood of Wuhu, Anhwei Province, were tabulated and analyzed by the College of Agriculture and Forestry of the University of Nanking and the data recorded with the following results:

Land tenure.—Fifty-five per cent of the operators were owners, 32 per cent were part owners, and 13 per cent were tenants. The term "operator," as used here, refers to the man who manages the farm and also works on it. The term "part owner" refers to the operator who owns part of his land and rents the rest from some one else.

Labor income.—The labor income of the owners was less than \$15 (silver); that of part owners \$156, and of the tenants \$105. Labor income is what the operator has left after subtracting all expenses from all receipts. Interest on capital invested and the value of unpaid labor (except operator's) are counted as expense. The value of produce from the farms used by the family is counted as receipts.

Net family income.—The net family income of the owners was \$120.05; that of part owners \$267.15, and of the tenants \$63.43. The average size of the family (including all persons living in the operator's household) was 5.4 persons. The net family income represents the actual amount of money the family had available at the end of the year in addition to any produce used from the farm, and the house rent.

Size of farms.—The owners farmed an average of 20 mow, the part owners an average of 37 mow, and the tenants an average of 15 mow. The average for all three groups was 24 mow. Dividing the farms into groups we find 13 per cent in the group of 10 mow or less, 52 per cent in the group of 11 to 20 mow, 15 per cent in the group of 21 to 30 mow, and 20 per cent in the group of 31 mow or over.

We find that the size of the farm has a definite correlation with profits. In the group of 10 mow or less only 7 per cent of the operators are making a labor income of over \$50. The percentage increases proportionately until in the group of 31 mow and over, 50 per cent are making a labor income of over \$50.

Man labor.—Man labor was much more efficient on the large farms than on the small ones. In the group of 10 mow or less, \$40 worth of labor farmed 2.5 mow, while in the group of 31 mow and over it farmed 5.7 mow.

Animal labor.—Animal labor was almost three times as efficient on the large farms as on the small ones. In the group of 10 mow or less one animal farmed 10.6 mow, while in the group of 31 mow and over one animal worked 28.8.

Equipment.—Equipment was nearly twice as efficient on the large farms. In the group of 10 mow or less, \$20 worth of tools and equipment farmed 4 mow, while in the group of 31 mow and over the same amount of equipment farmed 7.1 mow.

With 75 per cent of the farm expenses expended on man labor it is not surprising that the large farms are making the larger labor incomes. Not only is the business larger but the man labor as well as animal labor and equipment are used much more economically on the larger farms. This is due to the fact that men, animals, and equipment are not idle as much of the time on the large farms as on the small ones and also that large units can be worked to better advantage and with less loss of time in going from one job to another. It is significant that the part owners were the ones who had large-sized farms (average of 37 mow) and also the largest labor incomes; that is, \$156.

Capital.—In the case of the 32 per cent part owners we have a definite correlation of capital to labor income. In the capital group of \$1,500 or less the part-owner operators were obtaining an annual return of \$18, while in the capital group of \$5,001 and over they were making \$112.

Among the owners the annual labor income in the capital groups of \$1,500 or less is \$9 and in the group of \$1,501 to \$2,500 is \$16.

In the other three groups there is a minus labor income which may be accounted for in two ways—first, because of the small number of farmers in each group, thus making the possibility very great of these farmers happening to be inefficient; and second, and the more probable reason, as the owner gets richer he works less. This latter reason is the one given by the man securing the data.

Influence of character.—It is interesting to note the relation of character to labor income. The 66 per cent of farmers reported as having good character were making a labor income of \$34.12, while the 34 per cent reported as having bad character (mostly gambling and drinking) were making a labor income of less than \$20.32. Seventy-two per cent of these reported with bad character were in the owner class. This may help to explain the low labor income of the owners.

The men with good character were working larger farms—28 mow—while the others had farms of 20 mow. One might say that the large income is due to a larger farm rather than to good character. But in looking over the records it is the man with bad character who is selling his land and consequently he has a small farm.

Under this heading of character it may be well to mention that 40 per cent of the families were reported as having feuds with other families.

In general the investigations show that the average number of separate pieces of land per farm were seven and the average number of mow per piece was 3.5. The average distance between these pieces of land was one-tenth of a mile, the farthest piece being $2\frac{2}{3}$ miles away. Of those owning their property, 73 per cent reported that it was inherited, 22 per cent that it was both inherited and purchased, and 5 per cent that it was purchased.

The average age of marriage for men was 22, the lowest 17, and the highest 26. The average age of marriage for women was 19.5, the lowest 14, and the highest 25. Labor was exchanged on 48 farms on an average of 10 days per farm. Animals and implements were exchanged by 40 farms for a total period of 11 days. All the operators were born in the same village in which they are now living, the same being true of the operators' fathers. Of the operators' wives, 38 per cent came from the same village as the operator.

PURCHASING POWER OF CHINA

In the absence of accurate statistics it is impossible to estimate authoritatively Chinese purchasing power with any considerable degree of accuracy. A possible index of interest would be a figure arrived at from a comparison of foreign and domestic trade volumes over a period of years with populations, but here we have an absence of domestic trade data and a population for which we have several estimates varying by 50,000,000 to 150,000,000.

The casual observer is apt to jump to the conclusion from a brief contact with the Chinese people in the larger cities that the mode and standard of living for the entire country have undergone radical changes in the past few years, whereas this assumption is erroneous when applied to the entire country. The great bulk of Chinese population is engaged in agricultural pursuits and reside in villages and hamlets far beyond the influence of western civilization with its

contrasting standards of living. These people have not improved their economic status during the last 25 years, as may be seen from the foregoing data on agricultural economics. Increased returns from agricultural produce have been overbalanced by the increased cost of living, increased taxation, and by floods, droughts, and civil warfare.

EXPORTS A GAUGE OF ECONOMIC CONDITIONS

A survey of export commodities produced over a widespread area of China for a considerable period of time reflects in some degree the economic condition of the country. Naturally, the continual civil and military disturbances have influenced this condition and due consideration must also be given to other domestic factors, as well as to those of international supply and demand. Further allowance, impossible to estimate on a quantity basis, must be made for domestic economic practices distinctly Chinese and differing widely from the accepted practices of other nations. Among these may be noted the common practice of Chinese cotton farmers of retaining relatively large quantities of cotton for padding their winter garments, bedding, etc., and for home spinning when cotton prices give them a low return for their labor, thus withholding from the usual trade channels quantities which in the aggregate are of considerable volume. Similar practices undoubtedly extend to other products. Unattractive prices for hides and skins, in the absence of a recognized and distinct grazing or cattle-raising industry, result in the cattle or goats either being held for foodstuffs and the hides and skins consumed domestically or the animals used for draft until the following season when prices may be more remunerative. There is a very definite differential between the prices of imported kerosene oil and native vegetable oils which, if exceeded very materially, reduced kerosene oil consumption. However, by taking figures for a long period of time, as we have in this case, these factors are largely interbalanced and sufficient evidence presented to permit an understanding of the general tendency of the nation as a whole.

In the table below, tea, silk, wood oil (including vegetable oils), hides and skins are taken as more or less primary products representative of a large and diversified area of China. This area includes those districts in which the disturbances already referred to have taken place. The products enumerated are those which enter into international trade and can not be entirely consumed within the country like cotton, wheat, and rice. They are therefore more immediately dependent upon unhampered interior transportation facilities and undisturbed political conditions. Production figures for cotton, wheat, and rice over a long period would be highly interesting, but such figures are unfortunately not available. Export statistics would be of little value in determining production, as domestic consumption is an unknown quantity.

REPRESENTATIVE CHINESE EXPORTS

Years	Tea	Silk	Vegetable oils	Hides and skins
	<i>Piculs</i>	<i>Piculs</i>	<i>Piculs</i>	<i>Piculs</i>
1897.....	1,532,158	217,392	294,906	216,525
1898.....	1,538,600	210,471	320,632	226,335
1899.....	1,630,795	281,102	241,762	232,700
1900.....	1,384,324	174,323	279,600	233,912
1901.....	1,157,993	215,546	343,434	234,509
1902.....	1,519,211	217,555	465,822	295,205
1903.....	1,677,530	211,220	421,436	7,206,776
1904.....	1,451,249	218,088	461,168	10,658,192
1905.....	1,369,298	228,099	431,945	8,791,806
1906.....	1,404,128	213,288	555,570	9,774,046
1907.....	1,610,125	260,439	454,607	11,871,583
1908.....	1,576,136	254,686	602,693	9,173,763
1909.....	1,498,443	250,053	752,117	12,678,879
1910.....	1,560,800	305,383	817,292	15,832,074
1911.....	1,462,803	307,171	974,340	13,172,166
1912.....	1,481,700	320,796	976,452	12,091,112
1913.....	1,442,109	317,384	1,212,037	19,817,957
1914.....	1,495,799	226,193	1,262,122	17,211,841
1915.....	1,782,353	337,284	1,689,767	22,850,875
1916.....	1,542,633	335,504	2,647,405	23,047,506
1917.....	1,125,535	329,557	2,841,326	25,265,758
1918.....	404,217	302,078	3,380,170	19,240,664
1919.....	690,155	345,608	4,256,237	18,950,121
1920.....	305,906	229,799	3,104,730	16,327,705
1921.....	430,328	275,789	2,045,546	10,831,310
1922.....	576,073	306,532	2,624,993	13,227,193
1923.....	801,417	344,492	3,443,905	14,766,495

NOTE.—One picul equals 133½ pounds. Tea includes black, green, brick, tablet, dust, and leaf unfired. Silk includes raw, white, yellow, reeled, steam filature, wild, cocoons, waste silk, refuse cocoons, and waste yarn. Vegetable oils include bean, groundnut, tea, and wood oil. Hides and skins from 1897 to 1902 include cow and buffalo hides in piculs. Hides and skins from 1903 to 1923 include cow, buffalo, and goat, and are expressed by value in haikwan taels. Average value haikwan tael, 1923, equals \$0.80, United States currency.

Silk is probably China's oldest and most important industry, being the largest single item in her exports and accounting for almost one-quarter of her total export trade. Sixty-eight per cent of this exported silk is produced in the Yangtze River valley and northern China, while 32 per cent comes from South China. The economic value of China's new silk production, per unit of quantity, or per unit of area and population engaged, is smaller than that of Italy, France, Japan, or the Near East and probably exceeds only that of some of the most primitive silk-producing regions. Little tendency is noted of attempts to increase the economic value of China's silk products as a means of balancing foreign trade or improving the economic status of the people, and, as may be seen from the table below, no well-defined movement is apparent either toward increased quantity or improved quality.

A survey of the tea trade gives much the same result, quantities remaining fairly constant over a long period of time with quality and standards declining. There has been a marked falling off in demand in recent years, commonly credited to the absence of the important Russian market. Wood oil, tea oil, bean, groundnut, and other vegetable oils show a remarkable gain in quantity and value. Whether or not this is a result of a highly profitable export of these commodities with partial replacement for domestic consumption by imported lower-cost kerosene oil is difficult to determine. No figures for quantities are available for hides and skins, but figures for value from 1903 to 1924 indicate little change in these products.

SIGNIFICANCE OF CERTAIN IMPORTS

The table of imports which appears below is particularly significant. The enormously increased importation of tobacco and tobacco products is augmented by a tremendously increased domestic production impossible to estimate. Kerosene oil has already been noted in connection with the table of exports. Under the flour and rice headings we find that China, essentially an agricultural country and commonly supposed to be a large source of supply for foodstuffs, is importing these in very sizable quantities.

This change from the production of foodstuffs for domestic consumption to the production of "money crops" is a tendency common to practically the entire Far East.

IMPORTS OF CIGARETTES AND CIGARS, KEROSENE, FLOUR, AND RICE INTO CHINA

Year	Cigarettes and cigars	Kerosene oil	Flour	Rice
	<i>Haikwan taels</i>	<i>Gallons</i>	<i>Haikwan taels</i>	<i>Piculs</i>
1897.....	514, 406	99, 348, 908	1, 221, 516	2, 103, 702
1898.....	687, 364	96, 882, 126	1, 774, 712	4, 645, 360
1899.....	870, 303	88, 413, 307	3, 189, 497	7, 365, 217
1900.....	1, 011, 653	83, 580, 024	3, 329, 868	6, 207, 226
1901.....	2, 217, 990	150, 885, 796	4, 726, 962	4, 411, 609
1902.....	1, 999, 119	89, 933, 907	3, 844, 319	9, 730, 654
1903.....	3, 242, 875	84, 999, 335	2, 944, 466	2, 736, 943
1904.....	4, 322, 417	156, 901, 215	3, 686, 615	3, 325, 252
1905.....	6, 481, 610	153, 470, 831	3, 713, 572	2, 227, 916
1906.....	7, 904, 937	128, 353, 690	6, 295, 753	4, 686, 452
1907.....	5, 823, 406	161, 284, 355	13, 984, 546	12, 765, 189
1908.....	6, 929, 203	186, 084, 950	6, 931, 204	6, 736, 616
1909.....	7, 180, 940	145, 719, 886	2, 699, 616	3, 797, 705
1910.....	9, 369, 148	161, 389, 583	3, 447, 385	9, 221, 389
1911.....	10, 429, 955	235, 898, 240	8, 717, 836	5, 302, 805
1912.....	12, 213, 175	197, 902, 326	12, 701, 328	2, 700, 391
1913.....	16, 854, 901	183, 984, 052	10, 306, 756	5, 414, 896
1914.....	16, 577, 361	230, 200, 708	9, 144, 052	6, 744, 266
1915.....	14, 178, 782	185, 070, 111	805, 745	8, 476, 058
1916.....	30, 105, 398	145, 390, 253	1, 305, 550	11, 284, 023
1917.....	35, 485, 487	157, 910, 941	2, 898, 509	9, 837, 182
1918.....	30, 364, 290	110, 202, 234	27, 857	6, 984, 025
1919.....	27, 185, 633	199, 309, 753	1, 242, 373	1, 809, 749
1920.....	35, 741, 138	189, 558, 540	2, 363, 512	1, 151, 752
1921.....	39, 956, 551	175, 110, 125	3, 805, 318	10, 629, 245
1922.....	42, 407, 440	209, 192, 390	19, 798, 304	19, 156, 182
1923.....	41, 669, 545	214, 835, 669	36, 329, 013	22, 434, 962

NOTES.—One picul equals 133½ pounds. Cigarettes and cigars from 1903 to 1923, inclusive, include tobacco, cigarettes, and cigars. Flour from 1909 to 1923, inclusive, includes flour and wheat. Value of the haikwan tael, 1923, equals \$0.80, United States currency. While quantitatively exports have remained fairly constant, values on the whole have increased enormously.

Sources of information.—District annual reports and the Statistical Abstract for 1923 of the Chinese Maritime Customs have furnished considerable of the material in this bulletin. Further information has been taken from the China Yearbook for 1924-25, and from reports of field officers of the Bureau of Foreign and Domestic Commerce.

